DOCUMENT RESUME

ED 342 124 EA 023 747

AUTHOR Snyder, Richard H.; Achilles, Charles M.
TITLE If Crime Doesn't Pay, What About Education? (Or, It's Criminal How We Pay Educators).
PUB DATE Mar 92
NOTE 41p.
PUB TYPE Reports - Research/Technical (143) -- Speeches/Conference Papers (150)

EDRS PRICE MF01/PC02 Plus Postage.
DESCRIPTORS *Adult Development; *Career Development; *Compensation (Remuneration); Developmental Stages; Elementary Secondary Education; *Incentives; Job Performance; Models; *Professional Recognition; Salaries

ABSTRACT

Findings from a study that designed a theoretical compensation system for school administrators incorporating concepts of career/work development and adult life stages are presented in this paper. Methodology involved: a literature review of compensation practices in education; a discussion of new forces in the field affecting considerations in compensation design; a description of theoretical models and their rationale, the development of a simulation to project comparisons between existing and alternative approaches, and some discussion of the potential of alternative compensation plans to influence recruitment and retention of existing labor force. Findings indicate that: (1) substantial research and theory support a reward system based on adult life stages and/or work and career phases; (2) an adult life stage compensation plan developed and paid annually over an individual's lifetime can benefit both the individual and the employing organization; and (3) an adult life stage system provides remuneration to employees during their most productive periods at salary levels that recognize their contributions to the school. Three tables and six figures are included. (20 references) (Author/LMI)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

ED342124

IF CRIME DOESN'T PAY, WHAT ABOUT EDUCATION?

(OR, ITS CRIMINAL HOW WE PAY EDUCATORS)

by

Richard H. Snyder, Ed.D.
689 Lakeshore Drive
Gainesville, GA 30501
(404) 287-9091

Charles M. Achilles, Ed. D.
Professor, Dept. of Ed. Admin.
University of North Carolina @ Greensboro
Greensboro, NC 27412
(919-334--5100)

Eastern Educational Research Association
Hilton Head, SC
March 3-8, 1992

EA 023 747

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

☐ This document has been reproduced as received from the person or organization originating it.

☐ Minor changes have been made to improve reproduction quality.

• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

"PERMISSION TO REPRODUCE THIS MATERIAL HAS BEEN GRANTED BY

M. Achilles

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)."

BEST COPY AVAILABLE

ABSTRACT

The purpose of this research study was to design a theoretical compensation system for school administrators incorporating concepts of career/work development and adult-life stages. Some of the questions guiding the study were: (1) What are the similarities, etc. of various theories supporting the development of an adult-life stage compensation model?; (2) What are the probable impacts on a school district's operating costs of using a compensation system based on career paths and adult-life principles? and (3) What are the financial differences between the hypothetical and the traditional compensation systems for a real school district?

The methodology consisted of a five-step approach to develop a theoretical compensation model. The steps included (1) a literature review of compensation practices in education, (2) identification and discussion of the new forces in the field affecting considerations in compensation design, (3) a discussion of theoretic models and their rationale, (4) the development of a simulation to project comparisons between existing and alternative approaches, and (5) some discussion of the potential of alternate compensation plans to influence recruitment and retention of existing labor force.

Some major finding were: (1) substantial research and theory support a reward system based on adult-life stages and/or work and career phases; (2) an adult-life stage compensation plan developed and paid annually over an individual's lifetime can benefit the individual and the employing organization; and (3) adult life stage compensation system provides remuneration to employees during their most productive periods at salary levels that recognize their contributions to the school.

TABLE OF CONTENTS

	Page
ABSTRACT	ii
TABLE OF CONTENTS	iii
TEXT	
1. Introduction: A Stage Set for a Short Play	1
2. The Present Study: Dues Ex Machina	2
3. Method and Approach	3
4. Some Results	6
5. Some Potential Benefits Beyond the Obvious	7
6. Some Areas of Needed Study	10
REFERENCES	11
TABLES	
1. Adult-Life and Career/Work Stages	14
2. Case 1. Traditional and Adult-Life Stage Compensation Level Projections of a Local Education Agency Admistrator's Employment Cycle	15
3. Case 1. Alternate Investment Approaches Utilizing Traditional and Adult-Life Stage Compensation Methods for a Local Education Agency Administrator	20

FIGURES

1. Traditional Compensation Curve Based on Degrees Earned and Years of Service 26

2. Projected Traditional Compensation Curve Based on the Relationship Between Compensation Level and Years of Service/Performance Output Levels 27

3. Traditional vs. Adult-Life Stage Compensation Curves Based on the Relationship Between Enthusiasm/Levels of Effort and Age/Years of Service 28

4. Developmental Periods in Early, Middle, and Late Adulthood as Related to Traditional vs. Adult-Life Stage Compensation Curves 29

5. Passages: Crises of Adult Life as Related to Traditional vs. Adult-Life Stage Compensation Curves 30

6. Case 1. Projected Traditional vs. Adult-Life Stage Compensation Curves for LEA Administrator 31

IF CRIME DOES'T PAY, WHAT ABOUT EDUCATION

(OR, ITS CRIMINAL HOW WE PAY EDUCATORS)*

Strange That We Have Not Restructured the Expensive Part

Since 1984 there has been much attention--often criticism--of America's public education system. Critics call for "school restructuring", for "site-based management", for "choice", and for a school-directed "market response". In all of the reform calls from 1984 to the present (1992) very little research (e.g., Monk and Jacobson, 1985) has focused on the compensation package for educators--and this is strange because education is extremely labor intensive; it stands to reason that the traditional reward system for educators needs analysis and, perhaps, change.

The typical education compensation system, developed in the mid-1950's can best be described as a time-in-grade, fairly flat, straight-line "curve" which primarily rewards tenure and additional training. In Figure 1 the solid line represents salary over time for the Bachelor, Master, Specialist, and Doctorate-levels of preparation.

[Figure 1 About Here]

While this compensation "curve" may have succeeded in a marketplace where teaching was almost the only "profession" open to women (except nursing and a few others), social trends (such as more women entering business, medicine, law, etc.) and new ideas about pay and job [such as life stages (i.e., Levinson,1978; Sheehy, 1974 and work-career staging (i.e., Super 1963; Hall, 1976)] have indicated a need for serious study and possible overhaul of the traditional educator pay model.

---

* Material is from major author's Ed. D. dissertation (Snyder, 1991). Thanks to persons who contributed to this and reviewed earlier drafts.

The Present Study: Deus Ex Machina?

Shortly after publication of *A Nation at Risk*, Achilles (1984) urged education to consider alternative methods to pay educators based on performance and life stages or stages of adult development. Basically, this present study explored some initial elements of a compensation system suggested in that early model and tied to life stages and work/career development.

The concept of pay (compensation or remuneration) as tied to performance and adult-life stages or work/career stages has not received consideration as an education reform idea since the publication of *A Nation At Risk* or *America 2000* added fuel to the education-improvement frenzy. Merit plans, career ladders, and "frontloaded" pay systems have been suggested and even tried. But they have been found less than successful in the recruiting or retention of skilled personnel needed to reach the goals of *America 2000.*

The Alternative Compensation Method (ACM) explored in this study is but part of a complete reward system based on adult-life stage research (e.g., Levinson et al.,1978; Sheehy, 1974), work/career stage research (e.g., Super,1963; Hall, 1976), and on work/career stage research of teachers (e.g., Huberman,1989; Burke et al., 1984). These various strands are brought together visually in **Table 1** to show their similarities. The hypothesis supporting the model is that as individuals move through their various adult-life and work/career stages, the reward system should be flexible enough to meet both their needs and the employing orginizaton's constraints. Having a reward system that adjusts to the environment in which the individual is functioning would encourage and assist or help the individual to continue operating at optimum performance levels.

Presently reward systems (e.g., compensation) are built on an assumption that performance outputs (based on years of service) are low at entry level but will continue to

increase over time (linearly) as the individual works. The assumption used for compensation is the same as the one used for performance output levels i.e., a low level of compensation should be paid at the entry level and then compensation will increase (linearly) over the work cycle. The implicatio is that increased pay will reflect increased performance output levels. **Figure 2** portrays the general idea that pay increases in a step-by-step process over time (longevity). The assumption used by this reward system is that as individuals work longer (years of service) their performance output levels increase each year to warrant increased compensation levels. However, research indicates that performance output levels do not continuously rise each year throughout one's work cycle. This system and its basic assumptions may be moribund.

The Alternative Compensation Method (ACM) addresses the various need patterns of administrators and teachers through a compensation system designed to support the changing levels of effort (**Figure 3**) and the various adult-life stages (**Figures 4 & 5**) that individuals proceed through during their work career cycles.

Method and Approach

The purpose of the study was to develop hypothetical and alternative methods and/or scenarios for a compensation system based on the principles of adult-life stages and work/career development phases. The ACM is a "frontloaded" compensation system developed. The ACM was built using salaries of administrative personnel as a base. In this model a person, relative to traditional system, earns higher compensation levels during the earlier life-stage years to be coincidental with productivity and life-stage needs. The system offers individuals resources that can allow them to progress satisfactorily with minimum disruption of adult-life goals. Existing research was used to develop the basis for alternative compensation structures built on adult-life stage concepts.

In this theoretic study, the researcher analyzed the adult-life stage literature and the career-work cycle material and synthesized a general and representative hypothetical curve. The researcher recognized that in the "folklore" of personnel evaluation, educators generally reach near peak performance about four to six years into their jobs, and retain this high performance level for some time. Using the pay schedules of an actual district, the researcher then generated several ACM pay curves based on various assumptions.

The ACM model consists of two compensation designs or methods. One design or method used as its base the present (1990-91) salary structure of an actual local education agency (LEA). The model reflected a traditional compensation structure and the "curve" was based on degrees attained, number of years of service, and an economic adjustment made to the salary schedule each year to reflect increases in the economy for purchased goods and services. To calculate any salary levels not available from the LEA records and projected salary schedules, a three percent adjustment was made to the current salary in any year to reflect the salary level for the next year (e.g., establishing a salary level beyond 1990-91). A second design or method of the ACM used adult-life stage research to develop scenarios that consisted of three sets of assumptions providing alternative earning approaches over an incumbent's employment cycle. These hypothetic curves were tested against the actual personnel and pay (using serveral examples) of the pilot-site LEA.

To develop a traditional compensation curve, the researcher used a "benchmark" starting point based on the average age and current base salary level of a group of LEA administrators (e.g., Site-Management Personnel averaged 41 years of age with a current base salary of $45,601). A salary history was developed for selected administrators by going back through their pay records while they were employed in the

LEA. Next using the "benchmark" salary level and the traditional compensation method, salary projections were determined.

Seven assumptions undergirded the various traditional and adult-life stage scenarios used in the model. Other assumptions can be developed for different purposes. Assumptions for this study are:

1. The salary level for a position would reach some maximum. (This maximum will probably change based upon future economic trends and factors.) Using the 1990-91 economy, the maximum base salary level for the position(s) (Excluding other benefits) was assumed to be $75,000.

2. A three percent annual economic adjustment was applied to the traditional compensation method to determine salary levels when actual data were not available from the LEA. The three percent adjustment was identified by the LEA personnel as reasonable based on past adjustments to the existing compensation system.

3. All of the system's administrators would participate in the theoretical compensation model.

4. The LEA would use a zero-based budgeting concept to identify expense patterns and funding approaches associated with any increases in the various compensation levels in the model.

5. Other costs associated with the LEA's budget would remain constan from year-to-year.

6. Individuals would dedicate themselves to the job tasks and duties first, before any other activities (e.g., moonlighting).

7. Employees will continue their employment at the LEA until retirement.

For the adult-life stage scenarios the researcher developed tables using three sets of assumptions providing alternative earning approaches over an incumbent's employment cycle. The first scenario assumed that the incumbent would earn the same total dollars under the adult-life stage method as under the traditional method over the employment cycle. The second and third scenarios provided individuals with larger earnings in the early years of their employment. This resulted in somewhat larger

dollar amounts (about seven and four percent more) earned over the total employment cycle using the adult-life scenario than using the traditional method.

Figure 6 and **Table 2** display financial data for traditional and adult-life stage compensation methods for a current employee of the LEA using the actual financial data and salary schedule of the LEA as a base. In developing the traditional compensation curve, the author used the actual salary history of the individual from the date of hire in the LEA through July 1, 1990. To project salary levels beyond 1990, the 1990 salary level was multiplied by three percent to establish the 1991 salary level. The 1991 salary level was then multiplied by three percent to establish the 1992 salary level, etc. This practice was repeated until the individual reached 65 years of age or an assumed maximum salary of $75,000. This standard or traditional model was used as a baseline and various adult-life stage scenarios were used to project alternative earning patterns. See **Table 2** scenarios.

[Table 2 and Figure 6 About Here]

Some Results

As shown in **Table 2**, Scenario #1 may provide a saleable approach to be implemented within an existing school district's reward system. Note that the total dollars spent by the school system will be equal using either the ACM or the traditional curve over the worker's employment cycle (assuming the individual remains with the school district). As **Figure 6** and **Table 2** (Adult-life stage scenario #1) indicate, our hypothetical individual's compensation began at the same level ($7,704) for the first year of employment on the traditional and on the adult-life models at age23. Scenario #1 adult-life stage salary level for age 24 is 10 percent above the traditional method salary level. The adult-life stage salary levels for ages 25 through 45 increase

salary level. At age 46 the adult-life salary curve begins to level off and start a slow decent (one percent decrease in the salary level each year) until normal retirement. At the ages 64 and 65 the salary level is determined by establishing the difference between the traditional method and the adult-life stage salary level of Scenario #1 for the years beginning at age 23 and ending with age 63. The difference divided by 2 is the amount used to establish the salary levels for ages 64 and 65.

One readily observed benefit of the ACM is the potential for individuals during the earlier years of employment to have more disposable incometo meet their needs (marriage, child or children, purchase of a house or automobile, additional education, etc.). The ACM also provides individuals with the opportunity to save additional resources for retirement beyond the traditional program(s) offered by the school district (retirement plan, social security benefits, 401(k), etc.). **Table 3** depicts what would happen if an individual invested 10 percent of his/her annual salary each year under ACM Scenario #1. By investing 10 percent of salary each year, and assuming that the individual would earn six percent interest annually on the amount invested over the employment cycle, the individual would earn $470,413 over the employment period compared to $408,902 under the traditional approach.

[Table 3 About Here]

Some Potential Benefits Beyond the Obvious

The ACM offers school districts compensation systems that provide expenditure patterns over the individual's life-time equal to the traditional method or provide them with creative ways to pay higher levels of compensation at reasonable rates. In any scenario, the individual will have more disposable income available to meet current obligations, to make other long-term investment plans, and to be rewarded according to work/career and adult-life stages.

The ACM should enhance the school district's ability to recruit personnel into education from industry or other sectors of the economy. The ACMs competitive salary options and higher salaries in the early and middle years of employment should be very attractive to persons entering the world-of-work. The ACM will help the LEA stablize its workforce by providing salaries that are competitive in the marketplace and by providing individuals with discretionary income and monies for investment or savings opportunities (see **Table 3**).

The total cost of the ACM system over a person's employment cycle may be feasible under various scenarios and sets of assumptions. If school district leaders look at the costs only on a year-to-year basis, the dollar amounts in some years may seem prohibitive. With a range of personnel, there will be a range of salary costs in any given year, just as with the traditional method. How a district proposes to provide funding for ACM may have a direct bearing on a school board's acceptance of this model.

The ACM model has the ability to provide remuneration to employees during their most productive periods at salary levels that recognize their contributions to the school district. This system reinforces superior performance outputs with salary levels that are competitive with related professions. Serendipitously, educator's performance levels should improve because individuals will not be forced to seek additional employment in order to satisfy adult-life patterns. New pay structures will tell individuals that they are being compensated fairly and equitably for their work. The "customer" should benefit directly by having individuals concentrating strictly on their primary duties and tasks--that is, focusing on education and not "moonlighting".

Although the costs in some years will be more under the ACM than under the traditional method, funding increases in earlier years for any one individual or group

of individuals will be offset in later years as the curve flattens or decreases toward retirement. A second supporting factor is the economic theory of "opportunity costs of money"--a system that requires fewer taxpayer's dollars today than will be required in the future. The rationale is that the cost of the dollar today is cheaper to the taxpayer because of inflationary effects; the future cost of the dollar will require the taxpayer to contribute more than they would have spent in the earlier time to pay for salaries.

If the ACM system will improve retention (one reasonable conclusion), the school district may begin to realize savings in recruiting and staff development costs. These costs could be both direct (e.g., advertising, travel) and indirect (e.g., labor's time loss from performing primary duties). Reduced staff turnover would free administrators to work on activities other than personnel recruitment/training.

The ACM is reasonable, affordable, and in line with the idea of developing human potential. The "bottom line" is whether or not anyone (school district leaders or administrators) is willing to take the first step on being different in how they view and reward their most valued asset--"people". Failure to be creative in changing compensation practices and other parts of the reward system when circumstances call for change in all other sectors of the system seems to be counter productive. Education is labor intensive.

If, as some believe, there is a need to increase pay for educators then it seems that "more of the same" is not a winning combination. When the window of change is opened, it would seem criminal not to consider any increases vis-a-vis changes in the total structure--indeed even the philosophy--of compensation of education. It is a crime that many of the "brightest and best" who enter education will leave within five years. (e.g., Schlechty and Vance, 1981)

Some Areas of Needed Study

Future research needs to concentrate on programs and systems that contribute to improving education. Businesses project that they can compete in the marketplace. This concept is true for education, also.

Additional research needs to be conducted on why students are not selecting education as a career profession. In assessing their attitudes and values (e.g., choosing education as a career; or why teachers and administrators leave teaching), researchers need to identify what value systems and attributes are applied by individuals entering or not entering education.

Any changes that occur resulting from this research study on alternative reward systems (compensation) would need to be evaluated over a extended period of time. The concepts proposed do not allow for decisions to be made about their effectiveness in a short period of time.

Research will need to be initiated simultaneously in other areas of the reward system (e.g., retirement, insurance, etc.). Alternative benefit programs will need to be developed that either coincide with adult-life stage compensation system or the development of non-traditional approaches to these benefits. Researchers should project costs associated with the development of the various scenarios. Programs such as annuities and alternative retirement and investment programs could be developed to parallel or supplement existing programs.

Some weaknesses (or assumptions) that should be considered in studying the concept of alternative pay/reward systems are:

1. Will politicians and the general public ever consider education an investment and not an expenditure?

2. Will teachers and administrators opt to use alternative rewards systems that provide them with flexibility, choice, and responsibility to manage their own financial future?

3. What rewards will attract teachers and administrators to consider education? What rewards need to be included in an adult-life stage reward system?

4. What type of administrative system will need to be developed to protect teachers and administrators or the school district when using the reward system?

Important results of a new compensation system and/or reward system are not just the total dollars spent, but also the value to the educator of the dollars "frontloaded". This model's potential is to attract and hold good candidates while providing opportunities to contribute to their well-being. Unless we consider some alternative to the traditional system, folks are likely to expand the old adage to "crime--and ecdtuaion--don't pay."

REFERENCES

Achilles, C. M. (1984). Forecast: Stormy weather ahead in educational administration. Issues in Education, II, (2), Fall, 127-134.

Burke, P. J. and others (1984). Teacher career stages: Implications for staff development. Fastback 214. Phi Delta Kappa Educational Foundation, Bloomington, IN, 9-16.

Cetron, M. J. and M. E. Gayle (1990). Educational renaissance: 43 trends for U. S. schools. The Futurist, September-October, 35.

Goodlad, J. I. (1984). A place called school: Prospects for the future, McGraw-Hill, New York, NY.

Hall, D. T. (1976). Careers in organizations. Goodyear, Pacific Palisades,CA.

Henry, D. D. (1986). Lessons and goals for education. Educational Forum, 50, (3), 309-311.

Hodgkinson, H. (1991). Reform versus reality. Phi Delta Kappan, 73, (1), September, 9-16.

Huberman, M. (1989). The professional life cycle of teachers. Teachers College Record, 9, (1), 31-37.

Levinson, D. J. and others (1978). The seasons of a man's life, Alfred A. Knopf, New York, NY.

Lewis, Anne C. (1991). Voices of the loyal opposition. Phi Delta Kappan, 73, (1), September, 4-5.

Lortie, D. C. (1975). Schoolteachers: A sociological study. University of Chicago Press, Chicago, IL.

Monk, D. H. and S. L. Jacobson (1985). The distribution of salary increments between veteran and novice teachers: Evidence from New York State. Journal of Education Finance, 11, 157-175.

National Commission on Excellence in Educational Administration (1987). Leaders for America's schools. The University Council for Educational Administration.

Schlechty, P. C. and V. S. Vance (1981). Do academically able teachers leave education? The North Carolina Case. Phi Delta Kappan, 63, (2), 106-112.

Sheehy, G. (1974). Passages--predictable crises of adult life. Bantam Books, New York, NY.

Super, D. E. (1963). Career development: Self-concept theory. College Entrance Examination Board, New York, NY.

Snyder, R. H. (1991). Alternative compensation method: A theoretical reward system model incorporating adult-life and work/career stages of school administrators. Unpublished dissertation. University of North Carolina at Greensboro, North Carolina.

Tischer, A. G. and B. Earnest (1989). Career dissatisfaction among Alabama teachers: A follow-up. A paper presented at the annual meeting of the Mid-South Educational Research Association. Little Rock, AR.

William T. Grant Foundation Commission on Work, Family and Citizenship and Institute for Educational Leadership (1991). Voices from the field: 30 expert opinions on "America 2000," the Bush administration strategy to "Reinvent" America's schools. Washington, DC.

United States. National Commission on Excellence in Education (1983).Meeting the challenge of a nation at risk. USA Research.

TABLE 1

Adult-Life and Career-Work Stages

Year in Age	Researcher(s)					
	Levinson et al. *	Sheehy *	Super **	Hall **	Huberman * *	Burke et al. **
20. . .	Early Adult Transition (17-22)	Pulling Up Roots (18-22)	Explor-ation (15-25)	Trail (17-22)	Survival & Discovery (21-24)	Preservice (17-21)
25. . .	Entering the Adult World (22-28)	Trying Twenties (22-30)	Estab-lishment (25-45)	Estab-lishment & Advance-ment (22-40)	Stabilization (24-27)	Induction (21-25)
30. . .	Age 30 Transition (28-33)	Passage to the Thirties (30-35)			Experiment-ation/Activ-ism (27-40)	Competency Building
35. . .	Settling Down (33-40)	Deadline Decade			Taking Stock: Self Doubt (33-40)	Enthusiasm & Growth (25-35)
40. . .	Mid-Life Transition (40-45)	(35-45)		Mid-Career (40-55)		Career Frustration
45. . .	Entering Middle Adulthood (45-50)	Renewal and Resignation (45 & beyond)	Main-tenance (45-65)		Serenity (40-52)	Stability & Stagnation (35-50)
50. . .	Age 50 Transition (50-55)					
55. . .	Culmination of Middle Adulthood (55-60)			Late Career (55-?)	Disengagement (52-?)	Career Wind-Down (50-60)
60. . .	Late Adult Transition (60-65)					Career Exit (60-?)
65. . .	Late Adulthood (65-?)		Decline (65-?)			

Note: * Research concentrated on adult-life stages
** Research concentrated on occupational/work-career stages

TABLE 2

Case 1. Traditional and Adult-Life Stage Compensation Level Projections of a Local Education Agency Administrator's Employment Cycle.

	TRADITIONAL	SCENARIOS		
AGE	METHOD	#1	#2	#3
23	7,704	7,704	7,704	7,704
24	8,404	9,244	9,244	9,665
25	9,323	10,349	10,442	10,815
26	11,000	12,320	12,540	12,870
27	12,754	14,412	14,795	15,050
28	13,909	15,856	16,413	16,552
29	15,550	17,825	18,600	18,600
30	17,188	19,938	20,969	20,797
31	19,461	22,769	24,131	23,742
32	21,619	25,510	27,240	26,591
33	23,212	27,622	29,711	28,783
34	24,418	29,302	31,743	30,523
35	27,173	32,879	35,868	34,238
36	32,851	40,078	44,020	41,721
37	35,315	44,437	48,028	45,203
38	37,964	47,075	52,390	48,974
39	39,672	49,590	55,541	51,574
40	41,229	52,037	58,645	54,102
41	44,273	56,227	63,753	58,440
42	45,601	58,369	66,577	60,649
43	46,969	60,590	69,514	62,938
44	48,378	62,891	72,567	65,310
45	49,829	65,276	75,740	67,767
46	51,324	64,623	74,225	67,089
47	52,864	63,977	72,741	66,418
48	54,449	63,337	71,286	65,754
49	56,083	62,704	69,860	65,097
50	57,765	62,077	68,463	64,446
51	59,498	61,456	67,094	63,801
52	61,283	60,841	65,752	63,163
53	63,121	60,233	64,437	62,532
54	65,015	59,631	63,148	61,906

Table 2 (Continued)

AGE	TRADITIONAL METHOD	SCENARIOS #1	#2	#3
55	66,965	59,034	61,885	61,287
56	68,974	58,441	60,647	60,674
57	71,044	57,860	59,434	60,068
58	73,175	57,281	58,246	59,467
59	75,000	56,708	57,081	58,872
60	75,000	56,141	55,939	58,284
61	75,000	55,580	54,820	57,701
62	75,000	55,024	53,724	57,124
63	75,000	54,473	52,650	56,552
64	75,000	54,328	51,597	55,987
65	75,000	54,325	50,565	54,867
TOTAL	$1,960,376	$1,960,376	$2,099,769	$2,033,697

TABLE 2 (continued)

Scenarios and Assumptions
for Testing the
Theoretical Compensation Model

DESCRIPTION: Individual is 42 years of age and has a base salary level of $45,601.

ASSUMPTIONS: Traditional Method

1. Individual will work until normal retirement age (65).

2. Individual started to work at the LEA at 23 years of age.

3. Salary level for ages 43 through 58 was calculated by adding a three percent increase each year starting with the salary level of $45,601 (age 42).

4. Salary level for ages 59 through 65 was capped at the $75,000 maximum potential earning power of the position.

5. For ages 23 through 42, the individual's actual salary history was used.

ASSUMPTIONS: Adult-Life Stage Scenarios

1. All scenarios start with the same base salary level as the traditional method for the first year.

2. All scenarios continue to increase in dollar amounts until they reach 45 years of age and then they begin a downward slope.

Table 2 (continued)

ASSUMPTIONS: Adult-Life Stage Scenario #1

1. Salary level for age 24 was 10 percent above the traditional method base salary for age 24.

2. Salary level for ages 25 through 45 increases one percent above the previous year (Example: Age 25 is 11 percent above the traditional base salary for the same age, then increases to 12 percent, then 13 percent, etc.) until reaching age 45.

3. For ages 46 through 63, the salary level was calculated at a .99 rate of the previous adult-life stage salary level starting with age 45.

4. Ages 64 and 65 are determined by totalling the salary level of ages 23 through 63 of the adult-life method and then subtracting the amount from the total salary paid under the traditional method ($1,960,376). The difference is then divided by 2 to determine ages 64 and 65. Then ages 64 and 65 are added to the total salary paid under the adult-life method (it should be the same as the traditional method - $1,960,376).

ASSUMPTIONS: Adult-Life Stage Scenario #2

1. See #1 above.

2. Salary level for ages 25 through 45 increases two percent above previous year (Example: Age 25 is 12 percent above the traditional base salary for the same age, then increases to 14 percent, then 16 percent, etc.) until reaching age 45.

Table 2 (continued)

3. For ages 46 through 65, the salary level was calculated at a .98 rate of the previous adult-life stage salary level starting with age 45.

ASSUMPTIONS: Adult-life Stage Scenario #3

1. Salary level for age 24 was 15 percent above the traditional method base salary for age 24.

2. Salary level for ages 25 through 45 increases one percent above the previous year (Example: Age 25 is 16 percent above the traditional base salary for the same age; then increases to 17 percent, then 18 percent, etc.) until reaching age 45.

3. For ages 46 through 65, the salary level was calculated at a .99 rate of the previous adult-life stage salary level starting with age 45.

TABLE 3

Case 1. Alternate Investment Approaches Utilizing Traditional and Adult-Life Stage Compensation Methods for a Local Education Agency Administrator

AGE	ANNUAL SALARY $	AMOUNT ANNUAL SALARY INVESTED (10%)	INVESTMENT PLUS 6% INTEREST EARNED (4)	ANNUAL SALARY $	AMOUNT OF ANNUAL SALARY $ INVESTED (10%)	INVESTMENT PLUS INTEREST EARNED ($)
23	7,704	770	816	7,704	770	816
24	8,404	840	1,755	9,244	924	1,844
25	9,323	932	2,849	10,349	1,035	3,052
26	11,000	1,100	4,186	12,370	1,237	4,546
27	12,754	1,275	5,788	14,412	1,441	6,346
28	13,909	1,391	7,610	15,856	1,586	8,408
29	15,500	1,550	9,710	17,825	1,783	10,802
30	17,188	1,719	12,115	19,938	1,994	13,564
31	19,461	1,946	14,905	22,769	2,277	16,791
32	21,619	2,162	18,091	25,510	2,551	20,503
33	23,212	2,321	21,637	27,622	2,762	24,661
34	24,418	2,442	25,524	29,302	2,930	29,246
35	27,173	2,717	29,935	32,879	3,288	34,486
36	32,851	3,285	35,312	40,078	4,008	40,804

Table 3 (Continued)

AGE	ANNUAL SALARY $	AMOUNT ANNUAL SALARY INVESTED (10%) EARNED ($)	INVESTMENT PLUS 6% INTEREST	ANNUAL SALARY $	AMOUNT OF ANNUAL SALARY $ INVESTED (10%)	INVESTMENT PLUS INTEREST EARNED ($)
37	35,315	3,532	41,070	44,437	4,444	47,963
38	37,964	3,796	47,558	47,075	4,708	55,831
39	39,672	3,967	54,617	49,590	4,959	64,437
40	41,299	4,130	62,272	52,037	5,204	73,819
41	44,273	4,427	70,701	56,227	5,623	84,209
42	45,601	4,560	79,777	58,369	5,837	95,449
43	46,969	4,697	89,542	60,590	6,059	107,598
44	48,378	4,838	100,043	62,891	6,289	120,720
45	49,829	4,983	111,328	65,276	6,528	134,883
46	51,324	5,132	123,448	64,263	6,426	149,788
47	52,864	5,286	136,458	63,977	6,398	165,557
48	54,449	5,445	150,417	63,337	6,334	182,204
49	56,083	5,608	165,387	62,704	6,270	199,782
50	57,765	5,777	181,434	62,077	6,208	218,349
51	59,498	5,950	198,627	61,456	6,146	237,965
52	61,283	6, 128	217, 040	60,841	6,084	258,692
53	63,121	6,312	236,753	60,233	6,023	280,598
54	65,015	6,502	257,850	59,631	5,963	303,755
55	66,965	6,697	280,420	59,034	5,903	328,257
56	68,974	6,897	304,556	58,441	5,844	354,126

Table 3 (continued)

AGE	ANNUAL SALARY $	AMOUNT OF ANNUAL SALARY INVESTED (10%)	INVESTMENT PLUS 6 % INTEREST EARNED	ANNUAL SALARY $	AMOUNT OF ANNUAL SALARY $ INVESTED (10%)	INVESTMENT PLUS INTEREST EARNED ($)
57	71,044	7,104	330,360	57,860	5,786	381,507
58	73,175	7,318	357,939	57,281	5,728	410,469
59	75,000	7,500	387,365	56,708	5,671	441,108
60	75,000	7,500	418,557	56,141	5,614	473,525
61	75,000	7,500	451,620	55,580	5,558	507,828
62	75,000	7,500	486,667	55,024	5,502	544,130
63	75,000	7,500	532,817	54,473	5,447	582,552
64	75,000	7,500	563,196	54,328	5,433	623,264
65	75,000	7,500	604,938	54,325	5,461(1)	666,449
TOTALS						
	$1,960,376	$190,036		$1,960,376	$196,036	
Difference between principal and principal plus interest under each method			$408,902			$470,413

FOOTNOTES:

(1) Twenty-eight dollars added to investment amount to balance total dollars available for investment. Amount is the result of rounding off at the decimal point.

TABLE 3 (Continued)

Case 1. Assumptions for Alternative Investment Strategies for LEA Administrator

Traditional Method

1. Individual holds a doctorate of education degree.

2. Salary level for ages 23 through 42 utilized the individual's actual salary during that period of time.

3. Salary level of ages 43 through 58 was calculated by adding a three percent increase each starting with the salary level at age 42 ($45,601).

4. Salary level for ages 59 through 65 was capped at the $75,000 maximum potential earning power of the position.

5. Ten percent of annual salary is invested at six percent annum on January 1 each year. This amount is added to the current balance from previous years.

Adult-Life Stage Method

1. Individual holds a doctorate of education degree.

2. Salary level for age 23 had the same base salary level as the traditional method for the same year (23).

3. Salary level for age 24 was 10 percent above the traditional method base salary for age 24.

4. Salary level for ages 25 through 45 increases one percent above the previous year (Example: Age 25 is 11 percent above the traditional base salary for the same age, then increases to

Table 3 (continued)

12 percent, then 13 percent, etc.) until reaching age 45.

5. Salary levels for ages 46 through 63 was calculated at a .99 rate of the previous adult-life stage level starting with age 45.

6. Salary level for ages 64 and 65 were determined by totalling the salary levels of age 22 through 63 of the adult-life method and then subtracting the amount form the total salary paid under the traditional method ($1,960,376). The difference is then divided by 2 to determine ages 64 and 65. Then ages 64 and 65 are added to the total salary paid under the adult-life stage method (it should be the same as the traditional - $1,960,376).

7. Ten percent of the annual salary is invested at six percent annum on January 1 of each year. This amount is added to the current balance from previous years.

FIGURE 1

TRADITIONAL COMPENSATION CURVE
BASED ON DEGREES EARNED
AND YEARS OF SERVICE

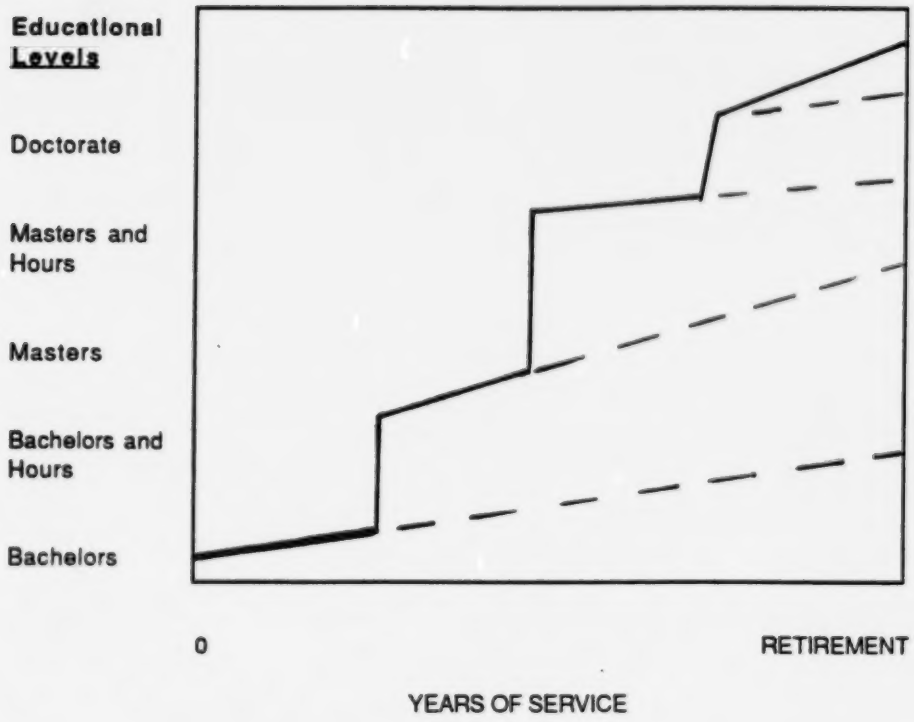


FIGURE 2

Projected Traditional Compensation Curve Based on the Relationship Between Compensation Level and Years of Service/Performance Output Levels

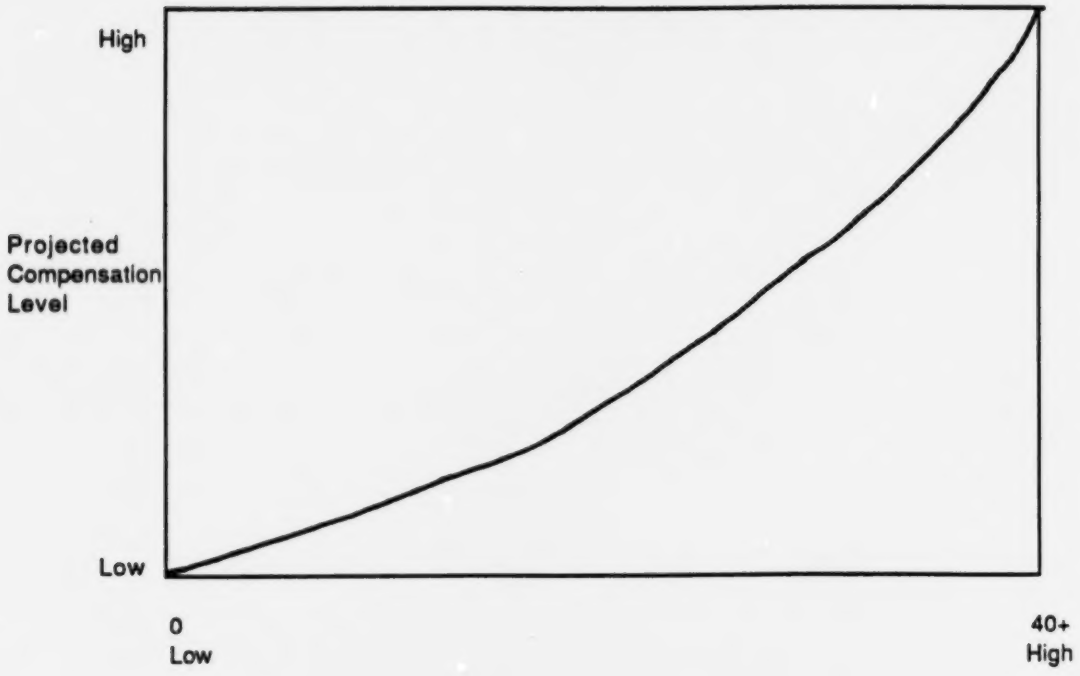
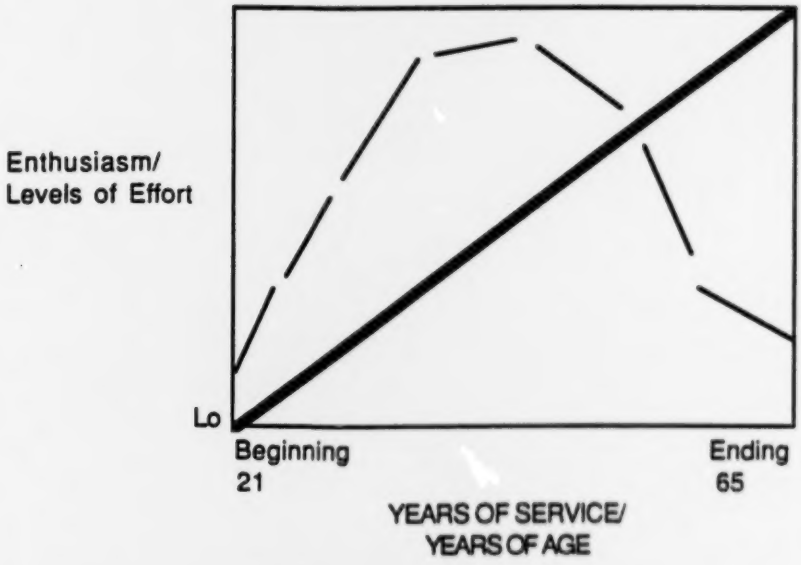


FIGURE 3

Traditional vs. Adult-Life Stage Compensation Curves Based on the Relationship Between Enthusiasm/Levels of Effort and Age/Years of Service



Footnote: ----- Adult life stage compensation curve
___ Traditional compensation curve

FIGURE 4

DEVELOPMENTAL PERIODS IN EARLY, MIDDLE, AND LATE ADULTHOOD AS RELATED TO TRADITIONAL VS. ADULT-LIFE STAGE COMPENSATION CURVES

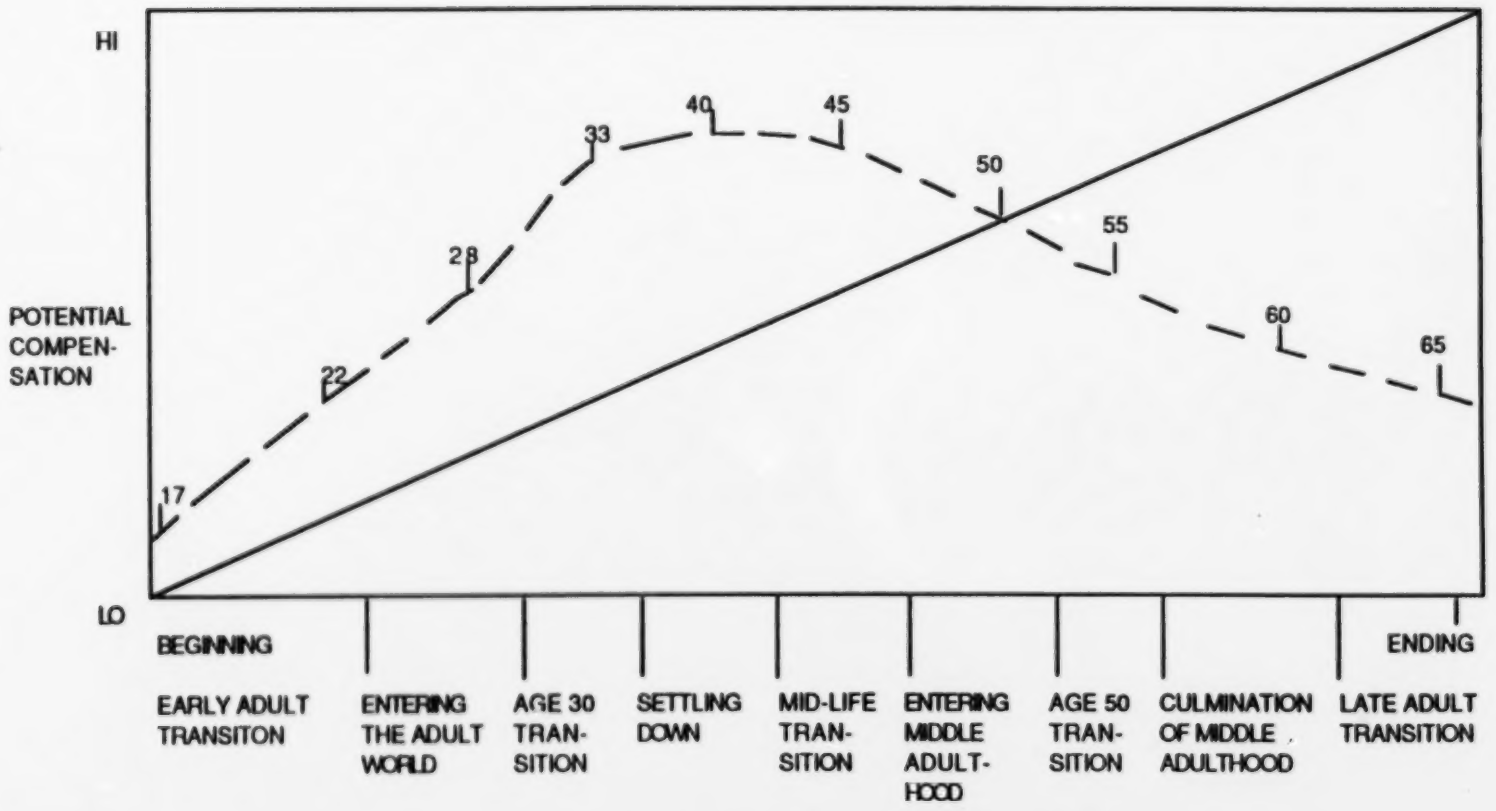


FIGURE 5

PASSAGES: CRISES OF ADULT LIFE AS RELATED TO TRADITIONAL VS. ADULT-LIFE STAGE COMPENSATION CURVES

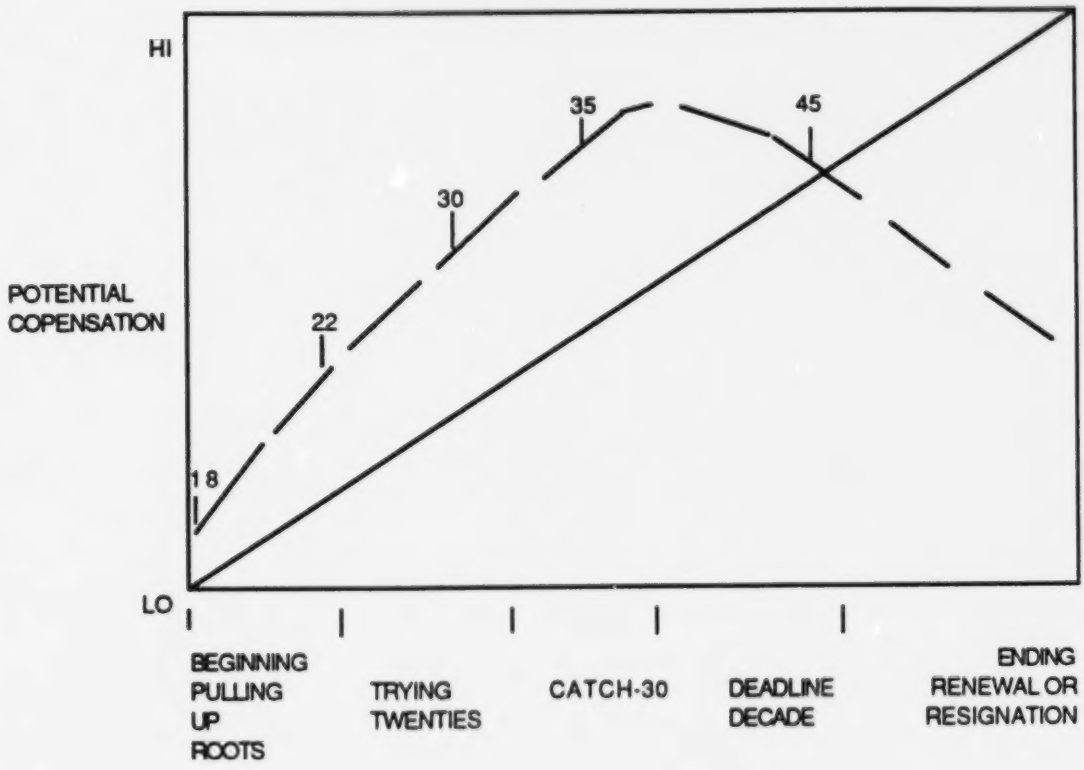


FIGURE 6

(Case 1) Projected Traditional vs. Adult-Life Stage Compensation Curves for LEA Administrator